



PRIMER



Volume XII, Number III

Indiana State Teachers' Retirement Fund

Winter 2001

Get an "A" on Your Retirement Application

By Margaret Turner, Pension Administrator

Planning your retirement is one of the most important decisions you will ever make. Within your planning, you'll make decisions that will affect the rest of your life. There are numerous components that you must carefully consider within this decision process. For example, what will you need in the way of finances for a monthly benefit? Who will your beneficiaries be? Will



Workshop Presenters:
From left: Sue Irons, Shelley Horner,
and Margaret Turner

you designate a co-survivor? Will you annuitize your Annuity Savings account funds, or will you keep your funds invested? These are just some of the decisions you will make. Our goal in the Benefits Division is to ensure that our members completely understand their options and alternatives surrounding selection choices for their state pension portion, and their annuity savings account. There are currently two methods being practiced to ensure this for our members. One is the individual member appointment and the other is by attending a Retirement Workshop.

Under the direction of Shelley Horner, CPA, Sue Irons and myself have put the workshops in full motion. Think of the Retirement Workshops as "Retirement 101." During the workshops, aspects of the annuity savings account alternatives and the state pension portion options are discussed. Investment options for the annuity savings accounts, how to obtain estimates, benefit eligibility, the application process, the social security integration option, and discussion of service credit, are all inclusive in this valuable workshop.

If your school corporation and colleagues have not held or attended a workshop, encourage them to phone our office and schedule an appointment for Spring 2002.

Winter 2001



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At Your Service

By Joyce Jones

Making our ISTRF members feel right at home is our goal when it comes to retirement. Our scheduled sessions provide a personal approach by explaining the retirement process and benefits under the various options available. Counselors can estimate benefits



Benefits Administrator Joyce Jones conducting a retirement counseling session with member Melanie Jackson.

for any retirement situation. So whether it's Regular Retirement, Disability Retirement, Classroom Retirement, Re-employment Benefit, or Survivor/Death Benefits, our counselors are instrumental in answering any questions you may have. From June through September of each year, our workload is extremely heavy from the summer months, therefore, ISTRF reserves this time for processing benefits for those applying for retirement. Because of this, retirement counseling sessions are not held during those months. It is our desire to make our ISTRF member's transition from active service to retirement as smooth and pleasant as possible.

Quarterly Statements Available On-line



Now you can access your quarterly statements online. Members can access their quarterly statements 24 hours a day, seven days a week!

All you need to access your account is your social security number, Teachers' Retirement Fund number, and your birth date. The site is secure, so there's no worry of anyone seeing your information but you. So log on to our web site at www.in.gov/trf to take advantage of this valuable service.

Quarterly Reallocation Form Available On-line

Beginning January 1, 2002, members can reallocate proceeds from their annuity savings account on a quarterly basis. The form for this reallocation of funds is available on our web site at www.in.gov/trf.

What is a "13th Check"?



A thirteenth check was mailed on November 1, 2001, to each TRF member (or beneficiary or survivor of a TRF member) who retired on or before July 2, 2000 and who is entitled to receive a monthly benefit check on October 1, 2001.

If you are wondering where this check is coming from, we have an annuity reserve account for our retired members. It is invested separately from the annuity funds of active members. As the result of the actuarial assumptions and a good return on our investment, there is now a surplus in those accounts. The Indiana General Assembly recognized that those excess investment gains rightly belong to our retired members and they voted to divide a portion of the surplus among those of you who are eligible.

The amount of each check is determined by a formula. The member's years of service, plus the number of years of the last* retirement is equal to the points used in the formula. The points are then multiplied by a dollar value, which is determined annually. The figures used in this calculation will appear on the stub of the thirteenth check.

* Those who re-retired can count only the years of the most recent retirement.



Telemarketers BEWARE!

You're enjoying dinner with your family when the phone rings. You answer the phone and it's someone trying to sell you something you don't need or want. You've told them before that you aren't interested, but they have called again just to reiterate what a great deal you are missing out on. If you are tired of telemarketers calling, relief is on the way.

The Indiana General Assembly passed a telephone privacy law in 2001, to be effective January 2002, to help reduce unwanted calls.

Because of the passage of this law, Indiana residents can register their home phone number(s), free of charge, on a list that telemarketers must purchase. This list prohibits telemarketers from calling any number on the list. There are, however, a few exceptions; charitable organizations that use volunteers or employees to make calls, newspapers that use employees to make calls, insurance agents and realtors.

It only takes a few minutes to register and your number stays on the list until you remove it.

The Attorney General's Office has established a 24-hour, toll-free number for Indiana residents. The number is 1-888-834-9969 or register on-line at www.in.gov/attorneygeneral and place your phone number(s) on the Telephone Privacy List.

Forms Please

Many members contact our office requesting various forms. To avoid unnecessary delays, please be sure your social security number and your signature are on the form. Remember to always review your forms for mistakes. To request forms, visit our web site at www.in.gov/trf or call our Member Service Center at (317) 232-3860 or toll-free (888) 286-3544.

Direct Deposit Works for You

What is Direct Deposit?

Direct deposit gets your retirement benefit into your account quickly and safely. ISTRF's financial institution sends an electronic message to your bank, savings and loan or credit union crediting your account with the exact amount of your benefit.

Why Direct Deposit?

Direct deposit is safe and convenient and it puts you in charge of your finances. By taking advantage of direct deposit, you don't have to worry about lost, damaged or stolen checks. Your money is in your account at the beginning of the business day you're scheduled to receive your benefit—even if you are out of town or unable to reach your bank or financial institution.

Direct deposit confirmation is sent directly to your home in the form of a statement with a voided check at the bottom. **This voided check is just a confirmation of the amount deposited into your account. It is for your records only.**

For more information about direct deposit, please contact our Member Service Center at (317) 232-3860 or toll-free (888) 286-3544.

Addresses Needed

Recently we have experienced an influx of returned mail due to incorrect addresses. The Post Office will not deliver mail if the address does not match the address they have on file. It is very important that we have your correct address. If you believe we have an incorrect address on file, please call our Member Service Center at (317) 232-3860 or toll-free (888) 286-3544. Or visit us on-line at www.in.gov/trf and request a data change form.

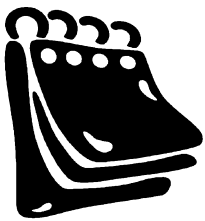
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With the stock market suffering as it has for the last year and a half, there has been a renewed interest in debt securities: notes and bonds. An article in the November 9, 2001 edition of the Wall Street Journal noted "...investors pumped \$68.9 billion into bond funds in the first nine months of this year. That is five times the cash that went into stock funds..." While they may appear to be an antidote for the bear market in stocks, notes and bonds are not without their problems. Most people don't realize the inverse relationship between prices and interest rates: as interest rates fall, bond prices (in general) go up; however, the opposite is also true: as interest rates go up, bond prices fall. Referring again to the above mentioned Wall Street Journal article, "Only 31% of 750 investors participating in an American Century telephone survey" were aware of this fact. (Generally speaking, a note is a debt security with a maturity date of 10 years or less, while bonds are over 10 years.)

A bond or note generates value from two sources. The primary source is the periodic coupon payment. Secondly, the market value of that same security can go up or down providing either a capital gain or loss if the security is sold before it matures. The "total return" of the security (coupon + capital gain or loss) therefore may end up being more than just the perceived coupon yield or, conversely, it may even produce a loss if the capital loss is more than the coupon payment. This phenomena is true for corporate as well as U.S. Treasury notes and bonds.

Another mathematical quirk of debt securities is that the longer the maturity of the security, the greater will be the amount of the capital gain or loss when interest rates move in the market. This change is heightened yet again by the coupon rate: the lower the rate, the greater the change. Therefore, the price of a 30-year bond with a 4% coupon will be more volatile than a 3-year note with an 8% coupon. Referring again to the above-mentioned article, only 13% of the respondents in the American Century survey were aware of this fact.

Finally, the credit worthiness of the issuer will affect the security's return. U.S. Treasury notes and bonds have the "full faith and credit" of the United States Government behind them. Corporate notes and bonds have only the assets of the company behind them. Corporate notes and bonds will therefore tend to have higher coupons to offset this higher credit risk.

With some interest rates having hit their 40-year lows, one might conjecture that it is probable that interest rates may now go up, and now you know what happens when interest rates go up.

Holiday Shopping Tips

Compiled information from the Better Business Bureau

The holidays are upon us and with the holidays come shopping. Here are just a few tips from the Better Business Bureau to help with your holiday shopping and holiday spending.



- ◆ Have a plan. Making a list and setting a realistic budget can reduce anxiety and control expensive impulse buying. Ask yourself, “what can I afford to spend for all my holiday shopping?” Then identify two or three alternative gifts for each person, and calculate whether the purchase will exceed your budget. If you still have last year’s list, use it as a guide for this year. Decide how you’ll pay for the gifts—cash, credit, or from savings.
- ◆ Beware of bargains that really aren’t. Holiday “sales” and “markdowns” sometimes aren’t the bargains they seem. Don’t be misled by giant “50 percent off” sale claims. Have some idea of comparison prices and quality, so you can recognize a good buy when you see one.
- ◆ Before making your purchase, ask about the store’s refund, exchange and layaway policies. Each merchant can set his/her own policies and all are not the same. While most stores will exchange merchandise that is not defective but may be the wrong size or color, they are under no obligation to do so. To make returning a gift easier, keep all receipts and special packaging.
- ◆ If buying gifts by mail order catalogs, TV shopping networks, and on-line shopping, paying by credit card is best. Keep a full record of all details of your order. Ask about delivery times, delivery costs, and how returns are handled. Look at the picture and description of the product carefully and check for last-chance cutoff date for delivery. Most companies offer last-minute overnight service at an additional charge, but if your order isn’t in stock you’ll be scrambling for the best last minute substitute.
- ◆ When buying toys for children, make sure they are suitable for the child’s age and ability level. Inspect the toys carefully. Make sure they are safe and solidly built. Consider if there is someone younger at home who might be injured playing with the toy of an older child before you make your final selection.
- ◆ Don’t buy from parking lot peddlers. They make up sad stories- a broken down car, an overstuffed warehouse, a cancelled order- but you’re the one who will be sad if you buy their overpriced, low-quality, off-brand merchandise. Furthermore, peddlers won’t be at the parking lot or street corner if you go back later with a complaint or to return the merchandise.
- ◆ Finally, give wisely to reputable charitable organizations. If you are approached in person for a donation, don’t give if you are pressured or if the solicitor is vague. Ask for written information to help you made a wise donating decision. If the appeal is genuine, your donation will be equally appreciated later.

Contacting Your Fund

You can find out about the following at our main numbers:

(317) 232-3860

Toll-Free (888) 286-3544

- ✓ Benefits Check Deductions
- ✓ Benefit Check Health Insurance Deductions
- ✓ Counseling
- ✓ Death Reports
- ✓ Direct Deposits
- ✓ Lost Checks
- ✓ Service Credit
- ✓ Withdrawals

Other Services:

Investments..... (317) 232-3868
TDD/TTY..... (317) 233-3306
Director's Office... (317) 232-3869
FAX Number..... (317) 232-3882

Visit our site on the World Wide Web at:
<http://www.in.gov/trf>

You can send our office an electronic mail message at: trf@state.in.us

Indiana State Teachers' Retirement Fund

150 West Market Street, Suite 300
Indianapolis, IN 46204-2809

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Happy Holidays

From the Board of Trustees and the Staff of the
Indiana State Teachers' Retirement Fund



The *Primer* is published by the Fund to update members on Fund news and to give general information about Fund benefits. Specific information is available in the Active Member's Handbook, the Retiring Member's Guidebook or by contacting the office.

Director: Dr. William E. Christopher

Newsletter Editor and Designer: Felicia Clark-Culbertson

Newsletter Printer: Personix – Another Fiserv Resource